GOVERNMENT OF INDIA
CIVIL AVIATION
LOK SABHA

STARRED QUESTION NO:204
ANSWERED ON:06.08.2001
INCREASE IN FARES OF INDIAN AIRLINES AND AIR INDIA
JAGMEET SINGH BRAR

Will the Minister of CIVIL AVIATION be pleased to state:

(a) whether Indian Airlines and Air India have increased their air fares recently whereas foreign airlines have reduced their air fares;

(b) if so, the reasons therefor; and

(c) the impact of the increased fare on disinvestment process and tourism in India?

Answer

THE MINISTER OF CIVIL AVIATION (SHRI SHARAD YADAV)

(a), (b), and (c): A statement is laid on the table of the House.

Statement in respect of parts (a), (b) and (c) of Lok Sabha Starred Question No.204 for reply on 6.8.2001 regarding Increase in Fares of Indian Airlines and Air India.

(a), (b) and (c): In accordance with Aircraft Rules, airlines operating air services to and from India are required to obtain prior approval of the Directorate General of Civil Aviation (DGCA) before implementing revision in fares.

2. International Air Transport Association (IATA) holds Tariff Coordination Conferences for determining air fares for different sectors. These meetings are attended by the concerned airlines. The fares are unanimously agreed to by all airlines operating on the concerned route. Air India files the agreed fares with DGCA on behalf of all IATA airlines for approval. These fares are then approved by the DGCA.

3. Based on the increase agreed to in the above conference, Air India and Indian Airlines have increased their fares alongwith other airlines this year. The increase in air fares is in the range of 5% to 21.5% depending upon the sector and class of travel.

4. However all international airlines are permitted to file with the DGCA special unilateral fares lower than IATA approved fares for direct operations between India and their respective countries. These fares are generally for a limited fixed period filed during lean season. Most of the airlines including Air India and Indian Airlines have filed special unilateral fares for limited duration at different times this year in different sectors which are lower than IATA approved fares. Generally the other airlines match the unilateral fares filed by the direct operating airlines (3rd and 4th freedom carriers) to remain competitive. Therefore it is not the fact that only foreign airlines have lowered the fares and Air India and Indian Airlines have increased the fares.

5. Since increase/decrease in air fares is basically dependent upon the commercial viability and demand and supply situation in the market and resorted to by most of the airlines, it is not going to affect tourism and disinvestment in any significant manner. Moreover tourism depends upon many factors and air fares is only one of them.